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2012 APR -4 PM 2: 30

OFFICE OF GENERAL
COUNSEL

April 2, 2012

Mr. Jeff S. Jordan
General Counsel's Office
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: RR 12L-07 (Schiff for Senate, C00468199)

Dear Mr. Jordan:

Schiff for Senate (hereinafter referred to as "the Committee") is the principal campaign committee of Peter Schiff, candidate for the 2010 Republican nomination for the U.S. Senate in Connecticut. What follows is the Committee's response to the Federal Election Commission's (FEC) assertion that the Committee failed to disclose all financial activity as required, in a timely manner.

BACKGROUND:

The candidate, Peter Schiff is a first-time candidate, and as such was unfamiliar with Federal Election Laws and Regulations. Likewise, the candidate's brother, Andrew Schiff (who agreed to volunteer as the Committee's Treasurer) was a first-time Treasurer, also unfamiliar with the Laws and Regulations governing Federal Campaigns.

In an effort to properly comply the Committee's reporting requirements, the Committee hired the highly respected firm of Huckaby, Davis and Lisker to ensure full compliance. Reports were filed and all went well until the Primary Election (8/10/2010) loss. After that, the Committee was no longer in campaign mode, but abruptly shut down its activities.

As the Committee was closing down its headquarters, laying off staff, and cancelling contracts; one of the campaign's hard-working and well-meaning staffers indicated to the Treasurer that as the number of transactions (campaign receipts and disbursements) would henceforth be dramatically reduced – he could take over the responsibility of filing the Committee's Disclosure Reports, and thus allow the campaign to save some money.

This turned out to be a huge mistake that went unnoticed until sometime after the Committee's Reports Analyst, Robin Kelly started sending Requests for Additional Information (RAI) that indicated that the reports had some problems. Finally in the summer of 2010, the well-meaning staffer brought to the Treasurer's attention the fact that the reporting task was over his head and the Committee had unresolved reporting issues.

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Upon becoming aware of the Committee's problems, the Treasurer immediately took action to correct the situation. A consultant involved with the campaign recommended Mackenzie & Company, and after a telephone conversation between Andrew Schiff and Scott Mackenzie an agreement was reached whereby the reports in question would be amended and the RFAI's answered.

RFAI'S AND AMENDED REPORTS:

On August 12, 2011, the Committee included a cover letter referencing the Amended 2010 12-Day Pre-Primary; 2010 October Quarterly; and 2010 Year-End reports, among other reports, which stated in part:

The committee had utilized the expertise of the firm Huckaby, Davis and Lisker until just after the Primary election. After the Primary election loss, the committee was looking for ways to reduce costs and turned the reporting duties over to a campaign staffer. Unfortunately, that individual did not have the accounting and compliance skills necessary to properly file the FEC Disclosure Reports.

Recently the committee found an individual who was able to prepare amended FEC Reports and tie the cash balances to the bank reconciliations. I have attached the summary worksheets that demonstrate how the numbers tie together.

Since recognizing the reporting deficiencies that occurred after the Primary Election defeat, the Treasurer has insisted that the reports comply with 11 C.F.R. §104.3 and since amending the reports mentioned above; that has been the case.

MITIGATING CIRCUMSTANCES:

Given that the Treasurer of a political committee shall file reports of receipts and disbursements in accordance with the Act [2 U.S.C. §434(a)(1)] and that this responsibility belonged to Andrew Schiff; he was assured by a well-meaning campaign staffer that the reporting obligations could be and were being met. Mr. Schiff assumed the role of Treasurer to assist his brother, the candidate, and did so while working full time at an Investment Brokerage Firm. Mr. Schiff took immediate action upon being informed of the Committee's Reporting discrepancies.

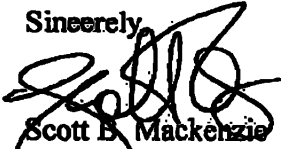
The Commission has identified an increase of \$265,312.91 in activity on the Amended Reports. The overwhelming majority of that activity is \$242,854.07 of Line 17 disbursements and of that amount \$135,000 is the result of a missing zero. The 2010 October Quarterly Disclosure Report, understated the amount paid to Gateway Media – the original report displayed a payment on 7/30/2010 of \$15,000; when the correct amount was \$150,000 (15000 vs 150000). Whereas the reports do not display commas, this is a simple enough error to make. The Committee believes that in light of the "missing zero" any penalty calculation should be based on \$130,312.91 and not the Commission's figure.

Again, as the staffer putting these reports together didn't know how to balance the reports to the bank reconciliations, he therefore missed the "missing zero" discrepancy.

CONCLUSION:

Whereas this was the first political campaign for Peter Schiff as candidate; and Andrew Schiff as Treasurer; and quite possibly their last – the Committee would appeal to the Commission for leniency. With only good intentions, Andrew Schiff took on the task of Campaign Treasurer and hired professionals to satisfy the reporting requirements of the Act. Had he not been taken in by the assurances of a well-meaning staffer, who had successfully fulfilled his prior campaign assignments – this would never have been an issue.

Sincerely,


Scott B. Mackenzie
Assistant Treasurer